

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Health	(2) MEETING DATE 9/1/2015	(3) CONTACT/PHONE Penny Borenstein / 781-5519	
(4) SUBJECT Request to approve four (4) FY 2015-16 renewal agreements, with options to renew for four one-year terms, with Dignity Health dba Marian Regional Medical Center-Arroyo Grande, Dignity Health dba French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve four (4) FY 2015-16 renewal agreements, with options to renew for four one-year terms, with Dignity Health dba as Marian Regional Medical Center-Arroyo Grande, Dignity Health dba French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients.			
(6) FUNDING SOURCE(S) General Fund / Realignment	(7) CURRENT YEAR FINANCIAL IMPACT \$350,000.00	(8) ANNUAL FINANCIAL IMPACT \$350,000.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>1/6/2015</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Penny Borenstein, Health Officer, Public Health Administrator

DATE: 9/1/2015

SUBJECT: Request to approve four (4) FY 2015-16 renewal agreements, with options to renew for four one-year terms, with Dignity Health dba Marian Regional Medical Center-Arroyo Grande, Dignity Health dba French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients. All Districts.

RECOMMENDATION

It is recommended that the Board approve four (4) FY 2015-16 renewal agreements, with options to renew for four one-year terms, with Dignity Health dba as Marian Regional Medical Center-Arroyo Grande, Dignity Health dba French Hospital Medical Center, Sierra Vista Regional Medical Center and Twin Cities Community Hospital to provide hospital services to County Medically Indigent Services Program and County jail inmate patients.

DISCUSSION

The County has an obligation, per California Welfare and Institutions Code Section 17000 et seq., to ensure the availability of medically necessary health care for county residents who meet Medically Indigent Adult eligibility criteria. This obligation is met through administration of the County Medically Indigent Services Program (MISP). Since 1983, the County has maintained contracts with the four hospitals located in the county to provide emergency, ancillary and in-patient services. These contracts allow the County to fulfill its statutory obligation to MISP patients, and also facilitate the delivery of medically necessary hospital services to individuals in the custody of the County Sheriff, through the Health Agency's Law Enforcement Medical Care (LEMC) program.

Each of the four hospitals has agreed to renew the most recent agreements through the current fiscal year until June 30, 2016. Each of the four agreements is retroactive to July 1, 2015 and will automatically renew for four successive one-year terms immediately following the initial term. The rates for Inpatient, Emergency Room, and other related services for FY 2015-16 are outlined in Appendix A of each agreement and reflect a 3% increase from those paid through the FY 2014-15 agreement. The rates will also increase by 3% annually for each of the subsequent four-year renewal terms of the agreements. The agreements are being submitted for Board approval after the beginning of the agreement term due to the time needed to negotiate the agreement's rate increases and the successive one-year terms. Drafts of the agreements went back and forth between County staff and hospital contract and legal staff several times during the negotiation process.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the agreements as to form and legal effect.

FINANCIAL CONSIDERATIONS

The County will pay all four hospitals a per diem rate of \$1,468 and a flat rate of \$185 per emergency room visit in FY 2015-16, representing a 3% increase over the prior year rates. The appropriation necessary to cover the expense is included in the adopted 2015-16 budget.

The current year MISP budget includes sufficient funding to care for 50 MISP enrollees at approximately \$3,000 per enrollee, totaling \$150,000 and the LEMC budget includes \$200,000 for hospital inpatient and emergency room visits.

To provide a point of reference, the following chart reflects medically indigent services for FY 2014-15 costs and services (units) provided by each of the contract providers. In FY 2014-15 MISP incurred expenditures which were substantially higher than anticipated compared to hospital costs for FY 2015-16. These higher costs were a result of prior year CMSP cases that could not be closed and paid before the closure of that program. Only a small number of CMSP pending cases remain in 2015-16.

“Units” identified in the following tables includes all episodes of service provided by each hospital in the noted year, including inpatient days, outpatient day surgeries, Emergency Room visits, observation days, etc. See also Appendix A in the contract for descriptions of all types of services.

CMSP/MISP	FY 2014-15	
	Costs	Units
Marian Arroyo Grande	\$7,789	18
French Hospital	\$54,033	67
Sierra Vista Hospital	\$68,621	74
Twin Cities Hospital	\$134,826	146
	\$265,269	305

The following chart reflects medical services provided to jail inmates for FY 2014-15 costs and services (units) provided by each of the contract providers. The FY 2015-16 budget includes 265 service units or 30 additional units when compared to FY 2014-15 actuals.

LEMC	FY 2014-15	
	Costs	Units
Marian Arroyo Grande	\$0	0
French Hospital	\$0	0
Sierra Vista Hospital	\$172,664	234
Twin Cities Hospital	\$180	1
	\$172,844	235

RESULTS

The recommended renewal agreements with all four hospitals will allow continued access to hospital based medical services by MISP patients and jail inmates. Access to medically necessary medical care services helps achieve the Health Care Services Division's charge of ensuring proper access to health care for all medically indigent adults and jail inmates, and helps achieve the County's vision of a safe and healthy community.

ATTACHMENTS

1. Renewal Agreement with Marian Regional Medical Center-Arroyo Grande
2. Renewal Agreement with French Hospital Medical Center
3. Renewal Agreement with Sierra Vista Regional Medical Center
4. Renewal Agreement with Twin Cities Community Hospital